

TERMS AND CONDITIONS
For Whole Board Loans (purchased by MBOH)

August 15, 2008

More information on how to reserve a loan through the Whole Loan Program can be found in the Mortgage Purchasing and Servicing Guide, Article II.

(1) Each Mortgage Loan shall be either insured by FHA under Section 203(b) of the National Housing Act, guaranteed by HUD under Section 184, guaranteed by RD under Title V of the Housing Act of 1949 or guaranteed by the VA under Section 810, Chapter 37 of Title 38, U.S. Code.

(2) The fixed rate of interest on the Mortgage Loans shall be set by the Board. Two rates will be established, one with points paid by MBOH rather than the borrower, currently 6.5%, and a slightly lower rate where borrowers pay the points, currently 6.375%. In the case of the lower rate, the borrower pays up to 1.5 points (one percent origination fee and one/half percent discount fee) except for Rural Development loans for which the fees can not exceed 1%. The interest rate is subject to change at Board's discretion.

(3) The term of the Mortgage Loans shall be 30 years and such Mortgage Loans shall provide for complete amortization by maturity by equal monthly payments of principal and interest.

(4) MBOH will purchase mortgage loans with fees for origination and servicing in accordance with the chart below. The Participant may not charge additional points or origination fees in connection with the origination of the Mortgage Loan.

Loan Type	Origination fee and points paid to Lender by MBOH	Servicing Release fee when servicing is sold to another MBOH servicer	Total upfront fee paid by MBOH to originating lender	Ongoing servicing fee from MBOH if lender retains servicing
FHA, HUD 184, VA,	1.5%	Determined by seller and purchaser	1.5%	.375
RD guarantee loans retained for servicing by the originating lender	1.0%	NA – originating lender must retain servicing	1.0%	.25%

(5) Loans may be retained by the originating lender for servicing if approved to service, or sold to an MBOH-approved servicer in compliance with the Purchasing and Servicing Guide. The Servicer may deduct a monthly servicing fee as outlined in the chart above. The servicing fee factor will be determined by the interest rate. For example, the factor for the 6.5% rate at the .375% fee is .05769. At the 6.375% rate, the .375% factor is .05882.

(6) Mortgage loans must meet all Federal Eligibility Requirements as described in the Purchase and Servicing Guide, sections 2.05 and 2.05.01.

(7) Acquisition limits and loan amounts are subject to change. The current list is shown on Exhibit A, and also located on the MBOH website.

(8) The current list of Targeted Areas is as follows:

Blaine County
Sanders County
Deer Lodge County
Silver Bow County
Flathead County
Daniels Co-Census Tract 9402
Mineral County
Sheridan Co-Census Tract 9402
Missoula County
City of Great Falls
Choteau Co-Census Tract 9401
Yellowstone Co-Census Tract 0003
Hill County

(9) Refinancings of existing Mortgage Loans are not eligible for purchase by the Board at this time. Refinancings of construction period loans or other interim financings which have a term of 24 months or less are not considered refinancings of existing Mortgage Loans.

(10) Recapture provisions will apply and are not eligible for reimbursement.

(11) A mortgagor can be obligated on only one loan financed by Montana Board of Housing at a time.

(12) Mortgage funds available under the program will be placed into a pool for whole loans. Mortgage Lenders may reserve funds on a loan-by-loan, first-come, first-served basis. An eligible Mortgage Lender desiring to reserve funds must submit (1) the Mortgage Loan Reservation/Confirmation Report (BOH Form 99); (2) a copy of an executed FHA/HUD 184/RD/VA Loan Application or other

complete loan application used by the Mortgage Lender; (3) verification of Annual Family Income; (4) a copy of an executed Buy/Sell Agreement; and (5) signed Recapture Notice to Mortgagor. Upon receipt of such documents or equivalent information electronically through "Lender-On-Line" over the Internet, the Board may reserve bond proceeds for **60** days to acquire Mortgage Loans on existing housing and 180 days to acquire Mortgage Loans for new construction. Such period may be extended upon payment of an additional one-fourth of one percent (0.25%) of the loan amount for each 30-day extension, which shall only be paid by the Mortgage Lender.

(13) The maximum family income for all mortgagors in targeted and non-targeted areas, as the case may be, has been established by the Board as set forth in Exhibit B hereto, and located on the Board's webpage. These income limits are subject to change.

For purposes of applying the federal income requirements, the "Actual Gross Annual Income" of a mortgagor is the mortgagor's annualized gross income. Annualized gross income includes any and all income of the mortgagors and any other person who is 18 years of age or older. Exhibit I to the Mortgage Purchase and Servicing Guide located on the Board's webpage is meant to help aid Mortgage Lenders in determining income.

(14) If the reservation is cancelled, a one half percent (.5%) cancellation fee may be charged to the Lender.

If a Mortgagor cancels a commitment or reservation for a Mortgage Loan under a previous program of the Board to swap for a loan under a newer program, said Mortgagor will not be allowed to continue to participate in the Board's 2008 Homeownership Bond Program.

(15) All FHA, HUD 184, VA, and those RD Mortgage loans for which servicing is being retained by the originating lender, shall be tendered for sale to the Board within 45 days following execution of the note by the mortgagor. If the Mortgage Lender fails to deliver a complete purchase package for a Mortgage loan within 45 days after origination, the purchase price will be reduced by one-half of one percent (0.50%) of the loan amount for each 30 days the loan is not delivered. If a Mortgage Lender is unable to deliver a complete purchase package within 45 days because of delays beyond their control, the Lender may request a waiver from MBOH. Requests for waivers must be received at least 5 business days prior to the 45th day to allow review and processing.

Failure to deliver complete purchase packages may result in MBOH returning the purchase package to the lender under the following circumstances:

- a. if initial package is missing any of the following; the recorded deed of trust, the original signed note, and the original recorded or Clerk and Recorder's certified copy of the executed Assignment of Trust Indenture to MBOH ;
- b. if lender fails to send in all of the missing documents at one time, i.e., MBOH won't accept the package if lender sends in missing documents piecemeal;
- c. if missing documents for purchase package are delayed by more than 90 days.

To determine the accrued interest for purchase and interest on monthly mortgage payments, multiply the number of accrual days by the outstanding principal balance, and divide by the 360 day factor which is 5647.06 for the 6.375% rate and 5538.46 for the 6.5% rate (rate subject to change at Board's discretion). To determine the accrued interest for payoff, multiply the number of accrual days by the outstanding principal balance, and divide by the 365 day factor which is 5725.49 for the 6.375% rate and 5615.38 for the 6.5% rate (determined by the rate chosen by the Board).

16) For lenders servicing MBOH loans originated under these Terms and Conditions, the allowable late charge for payments received that are more than 15 days late should be assessed at no more than 5%.

17) Rural Development Guarantee loans must have \$1,500 of the borrower's own resources (\$500 if the borrower has completed and submits a certificate from an MBOH approved homebuyer education class).

18) All set-aside loans require either FHA mortgage insurance, or VA or RD guarantees, and shall be purchased under these Terms and Conditions by the Board as whole loans.

17) The monthly remittances and payoffs can be wired or ACHed to:

WIRES: Wells Fargo Bank West, N.A.

ABA#091000019

For Deposit to CK ACCT #0001038377

Credit: Montana Board of Housing

Servicer (3 digit #)_____

Send only one wire (all series combined) for each remittance made during the month. You must complete the MBOH Remittance Detail Fax form listing the individual remittance amounts for each series (even if remitting only one series). Fax the form to both Wells Fargo and to the Montana Board of Housing. **See the Remittance Detail Fax form for the appropriate fax numbers.**

ACH: Wells Fargo Bank West, N.A.

ABA#091000019

CK ACCT #0001038377

CR ACCT: MT BD OF HSG (Position 55-76; 22 characters)

Servicer (3 digit #)_____ (Position 40-54; 15 characters)
Send only one ACH remittance (all series combined) for each
remittance made during the month. You must complete the MBOH
Remittance Detail Fax form listing the individual remittances for
each series (even if remitting only one series). Fax the form to
both Wells Fargo and to the Montana Board of Housing. **See the**
Remittance Detail Fax form for the appropriate fax numbers.
Mortgage Lenders will be required to provide the Board with
information regarding Mortgage Loans when requested by the Board
to comply with the requirements of the Internal Revenue Code of
1986, as amended, and the regulations promulgated thereunder.

EXHIBIT A

Maximum Purchase Price Limits (03/11/08)

Area	Maximum Purchase Price Limits	Maximum Loan Limits	
		<u>FHA</u>	<u>VA & RD</u>
Billings/Yellowstone	\$237,031	\$200,160	\$237,031
Billings - (Census Tract 3)*	289,705	200,160	237,031
Blaine*	289,705	200,160	237,031
Choteau Co-Census Tract 9401*	289,705	200,160	237,031
Daniels Co-Census Tract 9402*	289,705	200,160	237,031
City of Great Falls*	289,705	200,160	237,031
Deer Lodge County*	289,705	200,160	237,031
Flathead County*	329,863	227,905	237,031
Gallatin County	298,125	251,750	237,031
Hill County*	289,705	200,160	237,031
Mineral County*	289,705	200,160	237,031
Missoula County*	319,688	220,875	237,031
Sheridan Co-Census Tract 9402*	289,705	200,160	237,031
Sanders County*	289,705	200,160	237,031
Silver Bow County*	289,705	200,160	237,031
<u>Other Counties and Areas</u>	237,031	200,160	237,031

*Targeted Areas

EXHIBIT B

Maximum Income Limits As Of March 11,2008

Note: All numbers used in the completing the Recapture Tax Notice to Compute come from the Temporary Recapture Tax column through December 31, 2008.

Area:	<u>PROGRAM ELIGIBILITY</u>		<u>TEMPORARY RECAPTURE TAX LIMITS</u> (March 5 to December 31, 2008)	
	Small**	/Large***	Small**	/ Large***
Billings/Yellowstone	\$61,900	/\$71,185	\$74,280	/ 86,660
City of Billings				
(Census Tract 3)*	74,280	/ 86,660	74,280	/ 86,660
Blaine*	64,320	/ 75,040	64,320	/ 75,040
Carbon County	61,900	/ 71,185	74,280	/ 86,660
Cascade County	53,600	/ 61,640	62,280	/ 72,660
Choteau Co-				
Census Tract 9401*	64,320	/ 75,040	64,320	/ 75,040
City of Great Falls*	64,320	/ 75,040	64,320	/ 75,040
Daniels Co-				
Census Tract 9402*	64,320	/ 75,040	64,320	/ 75,040
Deer Lodge County*	64,320	/ 75,040	64,320	/ 75,040
Fallon County	53,600	/ 61,640	63,120	/ 73,640
Flathead County*	64,440	/ 75,180	64,440	/ 75,180
Gallatin County	64,200	/ 73,830	77,040	/ 89,880
Hill County*	64,320	/ 75,040	64,320	/ 75,040
Jefferson County	63,200	/ 72,680	75,840	/ 88,480
Lewis & Clark County	61,700	/ 70,955	74,040	/ 86,380
Mineral County*	64,320	/ 75,040	64,320	/ 75,040
Missoula County*	66,480	/ 77,560	66,480	/ 77,560
Park County	53,600	/ 61,640	64,080	/ 74,760
Richland County	53,600	/ 61,640	63,720	/ 74,340
Rosebud County	55,300	/ 63,595	66,360	/ 77,420
Sanders County*	64,320	/ 75,040	64,320	/ 75,040
Sheridan Co-				
Census Tract 9402*	64,320	/ 75,040	64,320	/ 75,040
Silver Bow County*	64,320	/ 75,040	64,320	/ 75,040
Stillwater County	59,500	/ 68,425	70,557	/ 81,140
Sweet Grass County	56,200	/ 64,630	67,440	/ 78,680
Toole County	53,600	/ 61,640	63,360	/ 73,920
Valley County	53,600	/ 61,640	62,160	/ 72,520
Other Counties & Areas	53,600	/ 61,640	62,040	/ 72,380

*Targeted Areas

**Small household is defined as two persons or less

***Large household is defined as three persons or more